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CALCAGNI ASSOCIATION FOR RETIRED CITIZENS, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 1997

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Boston House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Prepare Date NOV 13 1997

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INDEPENDENT AUDITOR'S REPORT

October 1, 1989

To the Board of Directors
Calcasieu Association for
Retarded Citizens, Inc.

We have audited the accompanying statement of financial position of Calcasieu Association for Retarded Citizens, Inc. (a nonprofit organization), as of June 30, 1989, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Calcasieu Association for Retarded Citizens, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in DEPARTMENTAL AUDITING STANDARDS, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes assessing, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Calcasieu Association for Retarded Citizens, Inc. as of June 30, 1989, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with DEPARTMENTAL AUDITING STANDARDS, we have also issued a Report Dated October 1, 1989, on our consideration of Calcasieu Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of the compliance with certain provisions of laws, regulations, contracts and grants.

Calweiss Association for Recorded Citizens, Inc.
October 1, 1997

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 20 and 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



CALCATEDU ASSOCIATION FOR RETIRED CITIZENS, INC.

Statement of Financial Position

June 30, 1987

ASSETS

CURRENT ASSETS

Cash and cash equivalents, including interest-bearing accounts of \$971,610		\$ 1,043,783	
Investments		1,148,121	
Unconditional premiums to give			75,280
Accounts receivable			
Leases and contracts	\$ 138,880		
Medical	161,850		
Park Activity, net of allowance for doubtful accounts of \$-0-	108,823		
Other	<u>37,488</u>		468,138
Reverend interest receivable			58,200
Merchandise inventory			<u>81,700</u>
Total current assets			\$ 2,889,700

PROPERTY, PLANT, AND EQUIPMENT

Buildings	1,450,448		
Leasehold improvements	80,814		
Furniture, fixtures, and equipment	889,817		
Transportation equipment	588,508		
Construction in progress	<u>553</u>		
	2,980,136		
Less accumulated depreciation and amortization	<u>2,147,480</u>		
	832,656		
Land	<u>119,888</u>		1,396,760

OTHER ASSETS

Deposits			<u>31,870</u>
		\$	<u>\$ 3,322,330</u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 48,871
Accrued salaries	37,833
Payroll taxes payable	32,300
Accrued expenses - other	<u>4,226</u>
Total current liabilities	123,230
LONG-TERM DEBT	
	-
NET ASSETS	
Unrestricted	4,008,396
Temporarily restricted	<u>39,433</u>
	4,047,829
	\$ <u>4,211,059</u>

CALCATED ASSOCIATION FOR IMPROVED CITIZENS, INC.

STATEMENT OF ASSETS

Year Ended June 30, 1997

	Reclassified	Temporarily Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT			
Federal, state and local grants/contributions	\$ 3,245,374	\$ -	\$ 3,245,374
Medicaid	3,397,982	-	3,397,982
United Way grants	-	142,000	142,000
Contributions	2,372	-	2,372
Membership fees	3,818	-	3,818
Auxiliary activities	989,703	-	989,703
Other program fees	183,923	-	183,923
Fund raising	7,498	-	7,498
Investment income	142,000	-	142,000
Net assets released from restrictions			
Expiration of time restrictions- United Way	<u>142,000</u>	<u>(142,000)</u>	<u>-</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	4,448,114	0,000	4,448,114
EXPENSES AND LOSSES			
Program services	4,338,818	-	4,338,818
Supporting services			
Management and general	21,870	-	21,870
Fund raising	<u>2,728</u>	<u>-</u>	<u>2,728</u>
TOTAL EXPENSES	4,363,416	-	4,363,416
Loss on disposal of assets	<u>3,188</u>	<u>-</u>	<u>3,188</u>
TOTAL EXPENSES AND LOSSES	4,366,604	-	4,366,604
CHANGE IN NET ASSETS REPORTED CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES	282,817	0,490	283,307
Cumulative effect on prior years of change in methods of accounting for investments	<u>22,294</u>	<u>-</u>	<u>22,294</u>
INCREASE IN NET ASSETS	282,817	0,490	283,307
NET ASSETS AT BEGINNING OF YEAR	2,788,222	85,892	2,874,114
NET ASSETS AT END OF YEAR	\$ 3,071,039	\$ 86,382	\$ 3,157,421

The accompanying notes are an integral part of this statement.

GRANSON, CLARK & GUYLOR, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

CHUCKLEBY ASSOCIATION FOR RETIRED CITIZENS, INC.

STATEMENT OF Functional Expenses

Year Ended June 30, 1997

	Program Services		
	Work	Adult	Infant
	Activity	Rehabilitation	Rehabilitation
Salaries and wages	\$ 822,220	\$ 889,515	\$ 491,945
Payroll taxes	48,428	51,298	24,188
Total salaries and related expenses	870,648	940,813	516,133
Advertising	154	1,243	843
Bad debts	73	219	-
Central office overhead	92,822	128,207	87,127
Consultants	-	128	2,194
Contract services	1,449	-	1,880
Dry care tuition	-	-	2,482
Designated donations expense	-	-	424
Dues and subscriptions	-	740	129
Employee benefits	2,824	12,522	2,228
Rehabilitative services	-	-	-
Insurance	12,557	55,242	16,892
Licenses	2,822	542	879
Medical provider fees	-	-	-
Medical	-	242	-
Rehabilitation	1,144	4,287	1,270
Office expenses	348	818	1,841
Professional services	24,128	-	822
Purchases-Health items	225,755	-	-
Rent	-	-	2,222
Repairs and maintenance	28,287	27,244	12,459
Supplies	198	4,559	8,251
Supplies	81,547	9,881	22,227
Telephone	1,280	5,284	8,488
Transportation	12,828	48,958	4,618
Travel	8,488	2,729	21,248
Utilities	2,488	22,828	2,242
Wearing machines purchases	12,785	82	822
Total operating income	897,422	1,022,274	428,868
Depreciation expense	71,142	82,222	2,421
	\$ 1,001,222	\$ 1,103,222	\$ 432,422

The accompanying notes are an integral part of these statements.

Passage Services

<u>Residualized</u> <u>Services</u>	<u>Supervised</u> <u>Livings</u>	<u>Respite</u>	<u>Missions</u>	<u>Total</u>
\$ 300,347	\$ 32,700	\$ 46,800	\$ -	\$ 3,384,470
<u>41,832</u>	<u>4,880</u>	<u>3,244</u>	<u>-</u>	<u>173,820</u>
571,867	58,890	71,343	-	2,448,390
118	79	93	-	2,424
-	-	-	-	388
344,376	31,888	54,113	-	438,731
80,822	1,781	-	-	82,344
4,312	-	-	-	2,824
-	-	-	-	2,892
-	-	-	-	824
2,414	150	90	-	4,089
7,344	404	598	-	12,346
389,376	-	-	(389,376)	-
18,318	1,428	821	-	118,028
2,803	870	100	-	4,318
124,388	-	-	-	124,388
-	-	-	-	342
69,708	2,281	240	-	22,898
228	-	22	-	2,028
-	-	-	-	24,908
-	-	-	-	123,798
-	-	-	-	3,812
8,800	-	-	(22,887)	44,968
2,821	180	481	-	17,174
118,488	1,773	1,453	(384)	120,526
2,420	129	404	-	14,899
88,454	2,428	-	12,823	90,431
2,781	2,088	4,217	-	84,828
22,822	-	-	-	78,370
-	-	-	-	55,382
1,548,257	24,181	24,282	123,271	4,181,894
<u>17,194</u>	<u>88</u>	<u>342</u>	<u>-</u>	<u>182,325</u>
\$ 1,565,451	\$ 24,269	\$ 24,624	\$ 123,271	\$ 4,364,219

CHICAGO ASSOCIATION FOR DISABLED CITIZENS, INC.

Statement of Functional Expenses - Continued

Year Ended June 30, 1987

	<u>Supportive Services</u>	
	<u>Management and General</u>	<u>Fund raising</u>
Salaries and wages	-	\$ 148
Payroll taxes	-	32
Total salaries and related expenses	-	180
Advertising	78	-
ABC membership fees	458	-
Bad debts	-	-
Central office overhead	1,121	-
Consultants	-	-
Contract services	-	-
Day care facility	-	-
Designated donations expense	878	-
Donor and subscriptions	1,874	-
Employee benefits	-	17
Facilitation services	-	-
Insurance	201	-
Litigation	-	-
Medical provider fees	-	-
Medical	-	-
Miscellaneous	1,880	840
Office expense	-	-
Professional services	-	-
Purchases - resale items	-	-
Rent	-	-
Repairs and maintenance	177	-
Seminars	1,047	-
Supplies	148	1,441
Telephone	-	-
Transportation	-	-
Travel	-	40
Utilities	681	-
Wording machines purchased	-	-
Total expenses before depreciation expense	23,118	3,778
Depreciation expense	378	-
	<u>\$ 23,496</u>	<u>\$ 3,778</u>

The accompanying notes are an integral part of this statement.

COLONIAL ASSOCIATION FOR RETIRED CITIZENS, INC.

Statement of Cash Flows

Year Ended June 30, 1993

CASH FLOW FROM OPERATING ACTIVITIES	
Change in net assets	\$ 311,319
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Cumulative effect of adopting new accounting principle for investments	(1,473)
Depreciation	190,481
Net OBOs	188
Loss on the disposition of assets	6,085
Progression of indebtedness	15,480
Unrealized appreciation of investments	14,850
Decreases (in):	
Preconditional promises to give accounts receivable	18,480
Accrued receivables	14,204
Accrued interest receivable	(12,041)
Inventory	14,473
Deposits	386
Increases (decrease) in:	
Accounts payable	9,128
Accrued liability	25,533
Payroll taxes payable	121,500
Accrued expenses - other	<u>(21,718)</u>
NET CASH PROVIDED BY OPERATIONS	512,802
CASH FLOW FROM INVESTING ACTIVITIES	
Collections on notes receivable	5,424
Proceeds from maturity of investments	155,080
Purchases of new investments	(222,176)
Proceeds from sale of fixed assets	1,725
Purchases of fixed assets	<u>(122,382)</u>
NET CASH USED BY INVESTING ACTIVITIES	(188,332)
CASH FLOW FROM FINANCING ACTIVITIES	
Payments on long-term debt	<u>(122,802)</u>
NET CASH USED BY FINANCING ACTIVITIES	(122,802)
NET INCREASE IN CASH AND CASH EQUIVALENTS	71,668
Cash and cash equivalents, July 1, 1992	<u>268,322</u>
Cash and cash equivalents, June 30, 1993	\$ 340,000

The accompanying notes are an integral part of this statement.

CRACKBERRY ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Crackberry Association for Retarded Citizens, Inc. (CARC) is presented to assist in understanding CARC's financial statements. The financial statements and notes are representations of CARC's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles, which have been consistently applied in the preparation of the financial statements.

1. Nature of Activities

Crackberry Association for Retarded Citizens, Inc. was organized under Section 501(c)(3) of the Internal Revenue Code as a nonprofit organization for the purpose of providing the following services to mentally and physically handicapped persons (clients) in Southwest Louisiana:

Work Activity - clients provide services to area businesses on a contract basis and produce various merchandise for resale to the public.

Adult Rehabilitation - Adults are taught day to day living skills and work opportunities.

Infant Rehabilitation - Infants through three years of age are taught basic developmental skills.

Residential Services - The Association maintains six community homes which house six clients each on a "round the clock" supervised basis.

Supervised Independent Living - Clients are placed in local apartments and are supervised on a day-to-day, part-time basis.

Respite Services - The Association provides services for parents and guardians of clients.

The majority of the funding for the above programs is provided by Medicaid and the State Office of the Louisiana Department of Health and Hospitals. Without this funding, the Association would be forced to find alternative funding sources in order to maintain operations.

Continued

CROOKERS ASSOCIATION FOR RETRADED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 1993

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

3. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, CBFC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

5. Cash and Cash Equivalents

The Association considers all unencumbered highly liquid investments with an initial maturity of three months or less to be cash equivalents.

6. Investments

Investments consist of U.S. Treasury notes which do not meet the Association's definition of cash equivalents. The investments are carried at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Continued

CAJALONIS ASSOCIATION FOR ENHANCED CITIZENS, INC.

NOTES TO Financial Statements - Continued

June 30, 1987

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. PROPERTY, Plant, and Equipment

The Association follows the practice of recording assets at cost or estimated fair value of donated assets at date of donation. All assets with estimated useful life in excess of one year are capitalized. Depreciation and amortization is provided on the straight-line method at rates calculated to allocate the recorded amounts over the estimated useful lives of the assets. Depreciation and amortization amounted to \$28,483 for the year ended June 30, 1987 and may be allocated as follows:

Assets stated at historical cost	\$ 204,170
Donated assets recorded at fair value	<u> 3,500</u>
Total	\$ <u>207,670</u>

8. Expense Allocation

Direct costs are charged directly to the grants and programs in which the expense is incurred or they are allocated to the grants and programs based on the proportion of benefits resulting from the particular expenditure. All other costs not identifiable as direct charges are regarded as "general office overhead" and accumulated in a pool. This pool is distributed monthly to the grants and programs based on the proportion of each grant's/program's direct costs to total direct costs, computed on a monthly basis.

9. Eliminations

For report purposes, all significant inter-departmental accounts and transactions have been eliminated.

10. Income Taxes

The Association is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and generally is not subject to income taxes according to the provisions of Federal and Louisiana State income tax laws and regulations. In addition, CAGE has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(2) of the code.

Continued

CHICAGO ASSOCIATION FOR RETIRED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 1991

NOTE 8 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Donated Services

No amounts have been reflected in the statements for donated services inasmuch as an objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the organization's program services.

11. Designated Net Assets

At its discretion, the Board may designate revenue for specific purposes. Any Board-designated funds would be segregated under the unrestricted net assets.

12. Inventory

Inventory is stated at the lower of cost or market. Cost is determined under the first-in, first-out method of accounting.

14. Restricted and Restricted Net Worth and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Continued

CRANFORD ASSOCIATION FOR RETIRED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 1997 includes the principal amount of a donation received in a prior fiscal year. The donor placed certain stipulations on the use of these funds. As of June 30, 1997, none of the original donation of \$15,000 had been expended.

Also included in temporarily restricted net assets as of June 30, 1997 is the remaining United Way allocation yet to be received for calendar year 1997 amounting to \$78,500.

16. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and an asset, decrease of liabilities, or expense depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

NOTE B - Cash and Cash Equivalents

As of June 30, 1997, cash and cash equivalents consisted of the following:

Operating accounts, net of outstanding items	\$ 106,929
Money funds	\$18,995
Certificates of deposit	1,012,168
	<u>\$ 1,238,092</u>

Money funds with a cost basis of \$106,840 are considered marketable equity securities and are carried at their fair value. Certificates of deposit are carried at their amortized cost which approximates market value.

All cash deposits in operating accounts and certificates of deposit were fully collateralized as June 30, 1997, either by FDIC limits or by pledged securities. However, a significant risk of loss existed as June 30, 1997 with regard to the monies invested in money funds because these funds are not covered against market risk.

Continued

CAJONES ASSOCIATION FOR RETIRED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 1997

NOTE C - MEDICAID PROVIDER FEE

The Association's residential services program is required, under Louisiana R.S. 46:2481-2490, to pay to the Department of Health and Hospitals a fee per patient day for each bed which is in use or reserved for a patient. The total of such fees for the year ended June 30, 1997 is \$128,388.

NOTE D - RELATED PARTY TRANSACTIONS

Included in investments at June 30, 1997 are investments of \$187,400 held through an investment company of which a former member of the board of directors is an employee. Prior to the end of the fiscal year the director resigned from his position with the board. Estimated effective interest rates on the investments at June 30, 1997 averaged 8.9%.

Included in accounts receivable-other at June 30, 1997 are operating advances of \$12,488 made in prior fiscal years and \$4,073 of management fees receivable from Louisiana Disabled Persons Finance Corporation, an affiliated non-profit organization under a common board of directors. Summarized financial data of Louisiana Disabled Persons Finance Corporation as of and for the year ended June 30, 1997 is as follows:

Total Assets	\$ 518,766
Total Liabilities	219,088
Net Assets	\$ 299,678
Total Revenue	\$ 24,243
Total Expenses	111,758
Change in Net Assets	\$ (87,515)

NOTE E - CHANGE IN ACCOUNTING PRINCIPLES

The Association changed its policy of accounting for investments in equity securities with readily determinable fair values and all debt securities from lower of cost or market value in accordance with Statement of Financial Accounting Standards (SFAS) No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. The Association adopted the provisions of SFAS No. 124 by reporting the cumulative effect of the change in accounting principle in the statement of activities for the current year.

Continued

CALCATED ASSOCIATION FOR RETIRED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 1991

NOTE F - PRIOR PERIOD ADJUSTMENT

Temporarily restricted net assets as of June 30, 1989 have been restated to report the effect of errors made in the adoption of Statement of Financial Accounting Standard (SFAS) No. 114, Accounting for Contributions Received and Contributions Made. The effect of the error was an understatement of temporarily restricted net assets as June 30, 1989 in the amount of \$70,803.

NOTE G - INVESTMENT INCOME

Investment income included in the statement of activities is summarized as follows:

Interest income	\$ 109,519
Net unrealized gains	<u>21,740</u>
TOTAL RESTRICTED INVESTMENT INCOME	\$ <u>131,259</u>

CAMARINE ASSOCIATION FOR HANDICAPPED CITIZENS, INC.

Schedule of Support, Revenues, and Expenses - Departmentalized

Year Ended June 30, 1997

	General <u>Office</u>	Work <u>Activities</u>	Adult <u>Rehabilitation</u>	Infant <u>Rehabilitation</u>
PUBLIC Support and revenue				
Public Support				
Federal, state and local grants/contracts	\$ -	\$ -	\$ 728,320	\$ 487,213
Medicaid	-	-	128,073	48,754
United Way grant	-	88,280	43,880	49,800
Contributions	<u>1,284</u>	<u>-</u>	<u>885</u>	<u>824</u>
Total public support	1,284	88,280	883,168	636,591
REVENUE				
Membership dues	3,818	-	-	-
Other program fees	-	-	505,184	88,420
Fund raising income	3,466	-	-	-
Auxiliary activities	4,794	983,443	3,423	1,824
Investment income	147,488	-	-	-
Gain (loss) on disposition of assets	-	<u>13,789</u>	<u>(128)</u>	<u>-</u>
Total revenue	<u>179,576</u>	<u>997,232</u>	<u>508,586</u>	<u>90,244</u>
Total public support and revenue	179,576	1,085,512	1,391,754	726,835
Expenses				
Program services	-	1,521,772	1,163,963	635,497
Supporting services				
Management and general	53,423	-	-	-
Fund raising	<u>2,318</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>55,741</u>	<u>1,521,772</u>	<u>1,163,963</u>	<u>635,497</u>
Excess deficiency of public support and revenue over expenses	\$ <u>123,835</u>	\$ <u>(436,260)</u>	\$ <u>227,791</u>	\$ <u>91,338</u>

Residential Division	Supervised Independent Activities	Service	Eliminations	Total
\$ 1,817	\$ 42,844	\$ 32,323	\$ -	\$ 1,248,174
1,609,244	82,184	42,323	-	1,927,841
-	-	-	-	151,800
<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,273</u>
1,609,801	142,828	94,746	-	3,246,831
-	-	-	-	3,813
149,389	-	-	(121,200)	188,823
-	-	-	-	7,484
21,289	73	-	(14,043)	959,701
-	-	-	-	182,889
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,380</u>
<u>151,658</u>	<u>73</u>	<u>-</u>	<u>(121,278)</u>	<u>3,389,513</u>
1,772,481	142,971	94,746	(121,278)	4,631,349
1,848,181	94,243	94,634	(121,278)	4,138,839
-	-	-	-	32,423
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,378</u>
<u>1,848,181</u>	<u>94,243</u>	<u>94,634</u>	<u>(121,278)</u>	<u>3,187,338</u>
\$ 228,328	\$ 41,820	\$ 82	\$ -	\$ 268,535

CRAGSON, CASHDAY & GUILFOY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

W. GARRETT BRIDGES, C.P.A.
BRUCE W. LINDSEY, C.P.A. (SIC. 1997)
BRYAN W. COLLIER, JR., C.P.A.

JOHN W. SPURGE, C.P.A.
LARRY A. GILBERTSON, C.P.A.
LORRY LEE HALL, C.P.A.
BRYAN BRADY, C.P.A.
MICHAEL BROWN, C.P.A.
BOB WISNOR, C.P.A.

ONE LANTANA PLAZA, SUITE 100
FIVE BROADWAY EAST
LAKE CHARLES, LOUISIANA 70601-1447
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FACSIMILE (504) 484-1000

**INDEPENDENT AUDITING REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

October 3, 1997

To the Board of Directors
Calcasieu Association for
Retarded Citizens, Inc.

We have audited the financial statements of Calcasieu Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1997, and have issued our report thereon dated October 1, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Calcasieu Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, agreements and with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Calcasieu Association for Retarded Citizens, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or

operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, Management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Tracy, Lindsey & Kelly